



The Town of Hilton Head Island Accommodations Tax Advisory Committee Special Meeting

**Monday, February 14, 2011
9:00 a.m. – Benjamin M. Racusin Council Chambers**

AGENDA

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Approval of Minutes**
 - a. Special Accommodations Tax Advisory Committee Meeting of January 14, 2011
- 4. Chairman's Report**
- 5. Unfinished Business**
None
- 6. New Business**
 - a. Reconsideration of previous grant recommendations to Town Council.
 - b. Consideration of recommendation to Town Council to phase out, possibly over a period of two or three years, approval of the so-called "forward-funded" grants, i.e., those grants which are approved by Council before the availability of funds.
- 7. Adjournment**

Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.

TOWN OF HILTON HEAD ISLAND ACCOMMODATIONS TAX ADVISORY COMMITTEE

Date: January 14, 2011 **Time:** 9:00 a.m.

Members Present: Willis O. Shay; *Chairman*, John Diamond; *Vice-Chairman*, Michael A. Keskin, John Munro, Bret Martin, Jason Presley

Members Absent: Frank Soule

Staff Present: Susan Simmons; *Director of Finance*, Debra Cyrilla; *Accounting Specialist*

Others Present: Bill Harkins; *Councilman*, Dr. John Salazar; USCB, Charlie Clark, Susan Thomas; Hilton Head-Bluffton Chamber of Commerce, Kathy Bateson, Jeffrey Reeves; Arts Center of Coastal Carolina, Mary Briggs; Hilton Head Symphony Orchestra

Media: None

1. Call to Order:

The meeting was called to order at 9:04 a.m.

2. FOIA Compliance:

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Minutes:

Mr. Martin moved to approve the Minutes of December 8, 2010. Mr. Keskin seconded the motion. The Motion passed unanimously. (6-0)

4. Chairman's Report:

Mr. Shay reviewed the agenda and encouraged the committee members to ask questions of Dr. Salazar during his presentation. He also noted that Mr. Martin would make the introductions and lead the discussion.

5. Unfinished Business: None

6. New Business:

a. Presentation by Dr. John Salazar of USCB.

Mr. Martin introduced Dr. John Salazar of the University of South Carolina, Beaufort who had prepared some detailed analysis of visitors to the island and Susan Thomas and Charlie Clark of the Hilton Head-Bluffton Chamber of Commerce and Visitors and Convention Bureau. Dr. Salazar presented the Committee with a visitors report using a formula generated by the U.S. Travel Association which is used throughout the country in other communities. The formula

gauges how many visitors per year come to a destination and is used to measure their economic impact. Dr. Salazar's report is attached.

Susan Thomas reported that the formula that was used by the VCB previous to 2009 was not as accurate as the formula being used today because it was only using data from hotels/motels and timeshares and did not include home and villa rentals. The second home owner study and day visitor methodology have not yet been completed. Dr. Salazar and the VCB hope to have that completed by the end of February.

After a lengthy discussion regarding visitor numbers, Mr. Martin made a motion to adopt the formula as presented by Dr. Salazar, as a recommendation to utilize in the Town's calculations for their 2012 application and future applications. John Munro seconded the motion. Susan Simmons commented that regardless of which formula is used, the Town had applied for far less than they were eligible for. Mr. Shay suggested that rather than recommending a specific change to the formula the Town uses, the committee should recommend adopting the same amounts approved for 2011, based upon revenue, for all the forward funding requests and review the formula used for the Town at a later date. After another lengthy discussion Mr. Shay called for a vote on the Motion. The Motion passed. (4-2) Mr. Shay and Mr. Diamond voted against the Motion.

b. Review and agreement of 2012 forward funding recommendation to Town Council.

Mr. Shay reminded the Committee that Town Council had not yet made a decision to approve the Committee's recommendation to adjust the 2011 forwarded funded grants by 2.6%, (84.6% of their 2009 grant award). After a short discussion about this year's lodging trends to date, Mr. Martin made a motion to recommend the 2012 forward funding awards to the Arts Center of Coastal Carolina, Hilton Head Symphony Orchestra, Native Island Business and Community Affairs and the Town of Hilton Head Island at 84.6% of their 2009 grant award subject to adjustment depending on actual 2011 revenues. Mr. Keskin seconded the motion. The Motion passed unanimously. (6-0) It was noted that the Committee still recommends against forward funding except for NIBCA and that this recommendation is only to be used if Town Council decides to approve forward funding.

7. Adjournment:

Mr. Diamond moved to adjourn the meeting. Mr. Munro seconded the Motion. The meeting was adjourned at 10:38 a.m.

Approved:

Respectfully submitted:

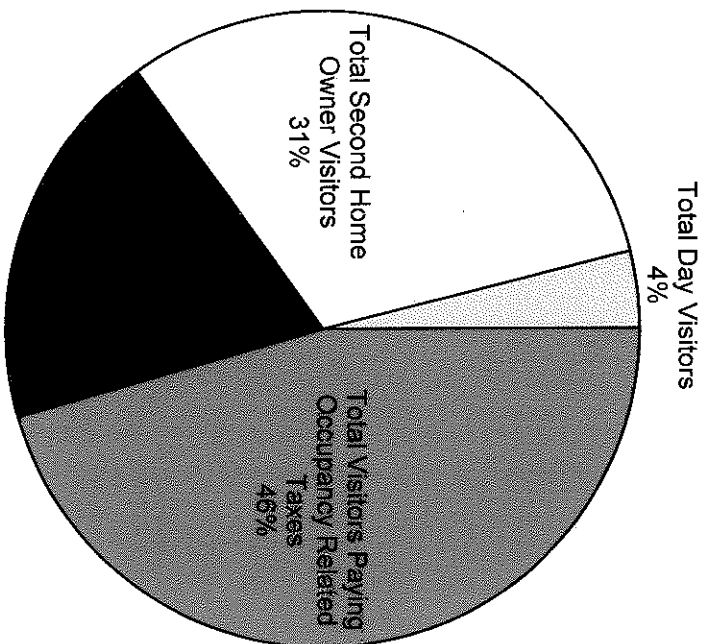
Willis O. Shay, Chairman

Debra Cyrilla, Secretary

CONFIDENTIAL

2010												
	Jan	Feb	March	April	May	June	July	Aug	Sept	*Oct	*Nov	*Dec
Total Hotel Visitors Per Month (based on 4.2 los and 3 ppl per room)	19,066	26,645	39,559	50,414	45,714	55,459	63,880	47,741	40,753	42,366	32,740	22,850
Total Home and Villas Visitors (based on 7.3 los and 2.55 ppl per room)	22,445	32,235	54,788	55,044	56,552	89,582	116,638	83,367	43,712	34,713	17,134	11,571
Total Visitors Paying Occupancy Related Taxes	41,511	58,880	94,347	105,458	104,266	145,061	182,517	131,108	84,464	77,079	49,874	34,451
Total Timeshare Visitors (based on a 7.1 los and 2.2 ppl per room)	40,152	58,266	94,152	38,856	40,152	38,856	40,152	40,152	38,856	40,152	38,856	40,152
Total Paid Visitors	81,663	85,148	134,498	144,315	144,418	183,937	222,669	171,258	123,321	117,231	88,730	74,602
**Total Second Home Owner Visitors (based on 7.12 los and 4.11 ppl per key)	27,220	39,083	66,444	66,755	71,009	108,640	143,877	101,103	53,011	42,098	20,779	14,033
Total Day Visitors (5% of Paid Visitors)	4,900	5,709	6,770	6,659	6,865	11,036	13,380	10,276	7,389	7,034	5,324	4,476
Total Visitors (Paid+Second Home+Day)	113,783	139,948	209,012	219,728	224,091	303,613	379,906	282,638	183,751	166,563	114,833	83,111
2009												
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Total Hotel Visitors Per Month (based on 4.2 los and 3 ppl per room)	20,964	26,210	39,647	51,504	49,046	56,133	67,526	52,133	42,536	40,857	25,896	17,496
Total Home and Villas Visitors (based on 7.3 los and 2.55 ppl per room)	20,772	30,346	60,364	56,179	52,279	80,273	104,000	79,906	38,045	28,858	16,324	13,802
Total Visitors Paying Occupancy Related Taxes	41,756	56,557	100,012	106,683	101,325	138,406	171,526	131,039	80,561	69,515	42,221	31,297
Total Timeshare Visitors (based on a 7.1 los and 2.2 ppl per room)	40,152	36,266	40,152	38,856	40,152	38,856	40,152	40,152	38,856	40,152	38,856	40,152
Total Paid Visitors	81,908	92,823	140,163	145,539	141,476	177,262	211,678	171,190	119,438	109,667	81,077	71,449
**Total Second Home Owner Visitors (based on 7.12 los and 4.11 ppl per key)	25,191	36,802	73,206	66,918	63,400	97,350	126,125	96,682	46,139	34,897	19,797	16,738
Total Day Visitors (5% of Paid Visitors)	4,914	5,569	8,410	8,732	8,489	10,636	12,701	10,271	7,166	6,598	4,865	4,287
Total Visitors (Paid+Second Home+Day)	112,013	135,194	221,779	221,190	213,366	286,248	330,503	277,154	172,743	151,562	105,739	82,474
Share Comparison: 2010												
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Total Visitors Paying Occupancy Related Taxes	36%	42%	45%	45%	47%	48%	48%	46%	45%	46%	43%	37%
Total Time Share Visitors	35%	26%	19%	19%	18%	13%	11%	14%	21%	24%	34%	49%
Total Hotel, Home & Villa and Timeshare Visitors	72%	68%	64%	66%	64%	61%	58%	61%	67%	70%	77%	80%
Total Second Home Owner Visitors	24%	28%	32%	30%	32%	36%	38%	36%	29%	25%	18%	15%
Total Day Visitors	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	5%	5%
Total Visitors	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Share Comparison: 2009												
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Total Visitors Paying Occupancy Related Taxes	37%	42%	45%	48%	47%	49%	49%	47%	47%	46%	40%	34%
Total Time Share Visitors	36%	27%	18%	19%	19%	14%	11%	14%	22%	26%	37%	43%
Total Hotel, Home & Villa and Timeshare Visitors	73%	69%	63%	66%	66%	62%	60%	62%	69%	73%	77%	77%
Total Second Home Owner Visitors	22%	27%	33%	30%	30%	34%	36%	35%	27%	23%	19%	18%
Total Day Visitors	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	5%	5%
Total Visitors	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total												
	46%	20%	66%	30%	4%	100%	46%	19%	4%	100%	46%	100%

2010



EST. MONTHLY VISITORS

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Jan	134,260	143,429	114,612	121,162	108,628	114,612	125,500	109,813	100,400
Feb	168,485	174,802	144,929	136,056	140,915	141,971	153,030	133,192	137,949
Mar	229,224	221,365	209,576	170,281	186,654	220,055	213,351	203,938	185,113
Apr	247,182	227,217	218,660	231,337	231,337	224,999	227,723	215,577	206,468
May	245,597	228,569	222,513	222,675	229,224	218,418	213,351	210,213	207,075
Jun	263,027	256,669	234,506	224,999	240,844	237,675	233,795	224,686	215,577
Jul	265,245	245,925	245,597	258,696	268,520	275,069	247,863	247,863	225,901
Aug	231,516	216,126	216,126	229,224	214,161	222,675	203,938	219,626	210,213
Sept	202,499	148,943	164,788	171,126	160,034	183,801	176,105	170,033	142,706
Oct	193,203	153,908	176,830	180,105	203,027	189,928	188,250	181,596	169,426
Nov	174,294	142,605	142,605	142,605	153,380	155,280	151,815	127,525	121,452
Dec	130,985	101,514	104,788	94,965	111,665	117,887	100,400	97,263	94,125
TOTALS	2,485,517	2,261,092	2,195,530	2,183,231	2,248,389	2,302,370	2,235,121	2,141,325	2,016,405

In January 2006 our formula for estimating visitor counts was updated with data from our new visitor profile study. Our average length of stay increased from 5.31 nights to 5.6 nights. This mathematically translates into a larger visitor stay.